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SUBJECT: MONTEALEGRE ALLIES CONFIDENT OF VICTORY

Classified By: Ambassador Paul Trivelli for reasons 1.4 (b and d)

¶1. (C) SUMMARY: Senior advisor to ALN presidential candidate Eduardo Montealegre, Edmundo Leal and Conservative Party (PC) president Azalia Aviles recently expressed confidence that Montealegre will win the November 5 national election. Briefly interrupted to defend himself before the National Assembly on CENIs accusations (septel), Montealegre is on the campaign trail, which will conclude in the small town of Sebaco in order to emphasize that the rural areas are important to the ALN agenda. Leal confirmed that the ALN is waiting for PLC presidential candidate Jose Rizo to defect, and the ALN is holding out the first deputy position as a carrot. Aviles explained the PC's process of growth and modernization and elaborated on the ALN's geographical strengths and weaknesses. She noted that she has drawn the Pellas and Chamorro families back to the PC, although Leal complained that Carlos Pellas has not given significant funds to the ALN, as promised. END SUMMARY

HILLS AND VALLEYS ON THE ALN CAMPAIGN TRAIL  
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¶2. (C) Poloff and pol intern met with senior Montealegre advisor Edmundo Leal on August 8 to discuss the ALN's campaign strategy. Wearing jeans and a polo shirt, Leal was very relaxed as he spoke, bouncing casually from topic to topic. He discussed the ALN's recent campaign trips to northern and southern departments. The ALN plans to close its campaign in the small town of Sebaco (Matagalpa), in order to send a message that the rural areas are important to the ALN agenda. Montealegre and others attended a three-hour long worship service in an effort to secure the evangelical vote, which tends to be anti-FSLN. Montealegre was forced to divert his campaign plans on August 7 in order to appear before the National Assembly, testifying in his own defense on CENIs corruption charges. Leal expressed minimal concern about this issue both because he believes that Montealegre is completely innocent and because the general population is widely unconcerned with/does not understand the issue.

¶3. (C) Leal was enthusiastic about the recently released polls, showing Montealegre only slightly behind the front-runner, FSLN candidate Daniel Ortega. He believes that Ortega has reached his peak and will not be able to legitimately gain any more votes. He believes that Rizo will decline to 9 percent, from his current 12-15 percent and that more MRS votes will come to the ALN. He remains concerned about campaign finance, explaining that a total of USD \$12 million is needed for the campaign. Leal declined to reveal how much money has been raised and only said that they are still short. Poloff advised him to continue looking into

expatriate Nicaraguans living in the United States for further donations. Leal commented that the Coen family recently pledged \$1 million for the campaign, while Carlos Pellas has only given about \$100,000, despite an earlier pledge to fully support Montealegre.

14. (C) The campaign will use weekly publications to focus on nine issues, including the youth, alternative energy, single mothers, and education. Leal was very excited about alternative energy, including ethanol, biodiesel, and hydroelectric power, noting that during the Somoza years, Nicaragua exported energy and they are now forced to import. The same day Leal met with us, the ALN added alternative energy, specifically ethanol production and use to their proposed government plan. According to Leal, the FSLN has legislative control over the Water Law and poorly manages the production of hydroelectric power, which the ALN is intent on addressing.

#### TAKING THE TEMPERATURE OF THE ALIANZA

15. (C) When asked about the health of the alliance between the various parties within the ALN, Leal seemed relatively unconcerned. While the members from the Conservative Party (PC) "put on a red hat and keep on their green shirts" the alliance is functionally intact. He did express frustration that all of the members of the alliance want the ALN central leadership to give them what they need, even t-shirts, without contributing equally. We advised Leal to give more credit and face time to the youth members who are working diligently but sometimes feel ignored. The OAS recently reported that the ALN fiscales covered the largest number of centers during the Supreme Electoral Council's June verification process, a fact which the campaign should publicize.

#### POLITICAL GOSSIP/ KEEP YOUR ENEMIES CLOSE

16. (C) Leal confirmed that, as we get closer to the election and the PLC numbers continue to (hopefully) decline, PLC presidential candidate Jose Rizo is welcome to join the ALN ticket as the first deputy candidate for the National Assembly. This is the best position they can offer him because the current VP Candidate has worked very hard and been a strong asset. Rizo has been made aware of this offer but has so far declined. Leal was equally clear that the ALN does not trust PLC VP candidate Jose Antonio Alvarado and will not welcome him to the party. He was enthused about an open and amicable meeting with Edmundo Jarquin of the MRS. Before previous MRS presidential candidate Herty Lewites' death in early July, the two parties had an agreement to work together on various issues. Jarquin is aware of this arrangement and fully intends to honor its terms. Leal described Jarquin as "too honest" and related that he admitted that he did not know Nicaragua because he had been gone and that without Lewites, who secured funding, they face serious financial difficulties.

#### AVILES: ALN IS ON TRACK

17. (C) During an August 9 meeting with Ambassador and poloff, Conservative Party president Azalia Aviles seconded Leal's comments that ALN members are working more effectively. She stated that the PC has undertaken a "process of modernization" since 2002, with the help of IRI, El Salvador's ARENA party, and the Conservative Party of Norway. Aviles noted that the PC has registered 3,500 new members in the last two months and estimated that the party could garner 14 percent of the vote nationwide, independent of the ALN (though she admitted that many of these voters are simply tired of the Liberals and Sandinistas rather than committed to the Conservative ideology per se). She also commented that she has brought the Pellas and Chamorro families back into the Conservative fold.

¶8. (C) Aviles gave an assessment of the ALN's strength, claiming that the Alliance is strong in Rivas, Granada, and Chinandega departments, and that Montealegre has achieved much greater penetration in rural areas. She conceded that the PLC is the principal force in Matagalpa (the second largest department), and the ALN must "work harder" to wrest more votes from the Sandinistas in Managua.

¶9. (C) Aviles agreed with the Ambassador that PLC leader Arnoldo Aleman is defeating Rizo in the struggle for control over that party. She commented that PLC vice presidential candidate Jose Antonio Alvarado is using the CENIS case to bash Montealegre on the campaign trail and weaken the ALN candidate before initiating negotiations to unite the Liberal campaigns. She noted, however, that this strategy could backfire on the PLC since the case is so obviously politically motivated. Aviles has also heard reports that Alvarado is privately criticizing Rizo and campaign manager Enrique Quinonez for running a lackluster campaign and "failing to attract people" to the PLC.

COMMENT

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¶10. (C) With the help of consultants (septel) and constant urging from emboffs, the ALN seems to be building a more effective and united organization. The Alliance must establish itself as the dominant Liberal force in order to convince PLC members to break with Aleman and unite with the ALN to defeat the Sandinistas.

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